



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>

cc: Paul
m/04 7/064



IN REPLY REFER TO:
3590
UTU-72699
(UT-923)

MAY 30 2006

CERTIFIED MAIL--Return Receipt Requested

Mr. Jim Lekas
Lexco, Inc.
P.O. Box 1198
582 North Vernal Avenue
Vernal, Utah 84078

Re: Mining Plan Modification Approval for Cowboy #3, 4 and 5 shafts and associated access, Federal Gilsonite Lease UTU-72699.

Dear Mr. Lekas:

MINING PLAN MODIFICATION APPROVAL

Background- The Bureau of Land Management (BLM) Utah State Office, received your revised mining plan approval dated 9/1/2004. The plan has been reviewed and found to meet the regulations at 3592.1(c).

Approval- This Mining Plan Modification Approval is approved for Federal gilsonite Lease UTU-72699 located on the Cottonwood Vein. The approval is granted for the following items.

1. Shaft Site #3 and associated access which is approximately 1000 feet SE of the Cottonwood number 1 shaft location.
2. Shaft Site #4 and associated access which is approximately 1300 feet NE from the Cottonwood number 2 shaft.
3. Shaft site #5 with its associated access which is approximately 2450 feet from the Cottonwood number 2 shaft.

The following additional conditions of approval will apply to this action:

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MAY 31 2006

DIV. OF OIL, GAS & MINING

Conditions of Approval-

1. There are no further conditions approvals for this plan. The current approved mine plan and the operator committed measures cited in the application for the mine plan modification dated (6/1/2004 and with its associated modifications) have been found to sufficient.
2. No work can commence until the minimum bond amount has been accepted by the BLM in writing.

Recommendations-

1. The operator should take about 3 inches of soil when stripping the vegetation. DO NOT include the clayey salt affected soil from the "slickspots" - these are pretty easy to identify by the mat saltbush and lack of sagebrush on them. The stripped top soil should be immediately seeded as per the plan.
2. It has been found in the past that the final site seeding should be done immediately after the ripping. The best time for seeding is in the late fall.

NEPA – A review under the National Environmental Policy Act was conducted and a finding of no significant impact was found as per EA-UT-080-06-204 (date May 17, 2006). The lessee is responsible for abiding by the mining plan modification submitted as analyzed including all mitigation and stipulations in the incorporated as part of the mine plan from the previous approvals. This approval does not constitute any approvals required by the Division of Oil, Gas and Mining or any other permits necessary to commence operations.

Bond- At the present time there is \$38,500 in bonds to cover the liabilities on the lease. BLM recommends that the bond be raised to a minimum of \$110,000 to cover reclamation of the Cottonwood #1, Cottonwood #2 and Cottonwood #3 shafts (\$51,664), royalties for 3 months (\$52,393), advanced royalty (\$1434) and exploration permit reclamation of (\$3673). BLM may further adjust the bond amount at any time. A request for this bond is under separate cover.

Appeal Rights- You have 30 days to appeal this approval to the Board of Land Appeals, Office of the Secretary, in accordance with the regulation at 43 CFR Part 4 and Form 1842-1 (enclosed). If an appeal is taken, your notice of appeal must be filed in this office within 30 days following the date of this approval. The appellant has the burden of showing that the decision appealed from is in error. If you wish to file a petition pursuant to regulation 43 CFR 4.21 (58 FR 4939, January 19, 1993) for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Board, the petition for a stay must accompany your notice of appeal. A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the notice of appeal and the petition for a stay must also be submitted to the Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted.

Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulations, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards:

- (1) The relative harm to the parties if the stay is granted or denied,
- (2) The likelihood of the appellants' success on the merits,
- (3) The likelihood of immediate and irreparable harm if the stay is not granted, and
- (4) Whether the public interest favors granting the stay.

For further information contact Mr. Stan Perkes, (801) 539-4036.

Sincerely,

JAMES F KOHLER

James F. Kohler
Chief, Solid Minerals Branch

Enclosure

1. Form 1842-1 (1 p)

bcc: Central Files
Vernal Field Office
Utah Division of Oil, Gas, and Mining (Attn. Paul Baker) P.O. Box 145801, Salt Lake City, Utah, 84114-5801

Mine Files - UTU-72699

72699 3 shaft mine plan app 5-25-06 sp-sa

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

INFORMATION ON TAKING APPEALS TO THE INTERIOR BOARD OF LAND APPEALS

DO NOT APPEAL UNLESS

1. This decision is adverse to you,
AND
2. You believe it is incorrect

IF YOU APPEAL, THE FOLLOWING PROCEDURES MUST BE FOLLOWED

- | | |
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| 1. NOTICE OF APPEAL..... | A person served with the decision being appealed must transmit the notice of appeal in time for it to be filed in the office where it is required to be filed within 30 days after the date of service. If a decision is published in the FEDERAL REGISTER, a person not served with the decision must transmit a notice of appeal in time for it to be filed within 30 days after the date of publication (43 CFR 4.411 and 4.413). |
| 2. WHERE TO FILE NOTICE OF APPEAL..... WITH COPY TO SOLICITOR... | Bureau of Land Management, Utah State Office, P. O. Box 45155, Salt Lake City, Utah 84145-0151 or Bureau of Land Management, Utah State Office, 440 West 200 South, Suite 500, Salt Lake City, Utah 84101 and Regional Solicitor, Room 6201, 125 South State Street, Salt Lake City, Utah 84111 |
| 3. STATEMENT OF REASONS WITH COPY TO SOLICITOR..... | Within 30 days after filing the Notice of Appeal, File a complete statement of the reasons why you are appealing. This must be filed with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. If you fully stated your reasons for appealing when filing the Notice of Appeal, no additional statement is necessary (43 CFR 4.412 and 4.413). and Regional Solicitor, Room 6201, 125 South State Street, Salt Lake City, Utah 84111 |
| 4. ADVERSE PARTIES..... | Within 15 days after each document is filed, each adverse party named in the decision and the Regional Solicitor or Field Solicitor having jurisdiction over the State in which the appeal arose must be served with a copy of: (a) the Notice of Appeal, (b) the Statement of Reasons, and (c) any other documents filed (43 CFR 4.413). If the decision concerns the use and disposition of public lands, including land selections under the Alaska Native Claims Settlement Act, as amended, service will be made upon the Associated Solicitor, Division of Land and Water Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240. If the decision concerns the use and disposition of mineral resources, service will be made upon the Associated Solicitor, Division of Mineral Resources, Office of the Solicitor, U.S. Department of the Interior, Washington, D.C. 20240. |
| 5. PROOF OF SERVICE..... | Within 15 days after any document is served on an adverse party, file proof of that service with the United States Department of the Interior, Office of Hearings and Appeals, Interior Board of Land Appeals, 801 N. Quincy Street, MS 300-QC, Arlington, Virginia 22203. This may consist of a certified or registered mail "Return Receipt Card" signed by the adverse party (43 CFR 4.401(c)). |
| 6. REQUEST FOR STAY..... | Except where program-specific regulations place this decision in full force and effect or provide for an automatic stay, the decision becomes effective upon the expiration of the time allowed for filing an appeal unless a petition for a stay is timely filed together with a <i>Notice of Appeal</i> (43 CFR 4.21). If you wish to file a petition for a stay of the effectiveness of this decision during the time that your appeal is being reviewed by the Interior Board of Land Appeals, the petition for a stay must accompany your notice of appeal (43 CFR 4.21 or 43 CFR 2804.1). A petition for a stay is required to show sufficient justification based on the standards listed below. Copies of the <i>Notice of Appeal</i> and Petition for a Stay must also be submitted to each party named in this decision and to the Interior Board of Land Appeals and to the appropriate Office of the Solicitor (43 CFR 4.413) at the same time the original documents are filed with this office. If you request a stay, you have the burden of proof to demonstrate that a stay should be granted. Standards for Obtaining a Stay. Except as other provided by law or other pertinent regulations, a petition for a stay of a decision pending appeal shall show sufficient justification based on the following standards: (1) the relative harm to the parties if the stay is granted or denied, (2) the likelihood of the appellant's success on the merits, (3) the likelihood of immediate and irreparable harm if the stay is not granted, and (4) whether the public interest favors granting the stay. |

Unless these procedures are followed your appeal will be subject to dismissal (43 CFR 4.402). Be certain that all communications are identified by serial number of the case being appealed.

NOTE: A document is not filed until it is actually received in the proper office (43 CFR 4.401(a)). See 43 CFR Part 4, subpart b for general rules relating to procedures and practice involving appeals.

43 CFR SUBPART 1821--GENERAL INFORMATION

Sec. 1821.10 Where are BLM offices located? (a) In addition to the Headquarters Office in Washington, D.C. and seven national level support and service centers, BLM operates 12 State Offices each having several subsidiary offices called Field Offices. The addresses of the State Offices can be found in the most recent edition of 43 CFR 1821.10. The State Office geographical areas of jurisdiction are as follows:

STATE OFFICES AND AREAS OF JURISDICTION:

Alaska State Office ----- Alaska
Arizona State Office ----- Arizona
California State Office ----- California
Colorado State Office ----- Colorado
Eastern States Office ----- Arkansas, Iowa, Louisiana, Minnesota, Missouri
and, all States east of the Mississippi River
Idaho State Office ----- Idaho
Montana State Office ----- Montana, North Dakota and South Dakota
Nevada State Office ----- Nevada
New Mexico State Office ---- New Mexico, Kansas, Oklahoma and Texas
Oregon State Office ----- Oregon and Washington
Utah State Office ----- Utah
Wyoming State Office ----- Wyoming and Nebraska

(b) A list of the names, addresses, and geographical areas of jurisdiction of all Field Offices of the Bureau of Land Management can be obtained at the above addresses or any office of the Bureau of Land Management, including the Washington Office, Bureau of Land Management, 1849 C Street, NW, Washington, DC 20240.

(Form 1842-1, September 2005)